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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

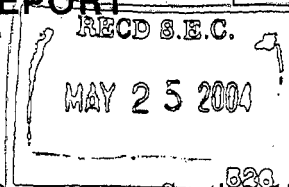
ANNUAL AUDITED REPORT

FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL
OMB Number: 3235-0123
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SEC FILE NUMBER
8- 45081

REPORT FOR THE PERIOD BEGINNING 04/01/2003 AND ENDING 03/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: LG Securities America, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

120 West 45th Street Suite 3010

(No. and Street)

New York

(City)

New York

(State)

10036

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jang H. Choi

(212) 391 - 4693

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

(Name - if individual, state last, first, middle name)

345 Park Avenue

(Address)

New York

(City)

New York

(State)

10154

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

JUN 02 2004

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Dong Hwan Ki, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LG Securities America Inc., as of March 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Paul Hosang
Notary Public, State of New York
No: 41-4854089
Qualified in Queens County
Commission Expires March 3 2006

Notary Public

Signature

President

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



LG SECURITIES AMERICA, INC.
(A Wholly Owned Subsidiary of
LG Investment & Securities Co., Ltd.)

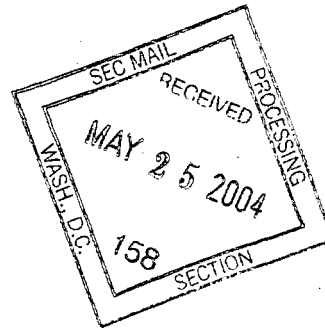
Statement of Financial Condition

March 31, 2004

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154



Independent Auditors' Report

The Board of Directors
LG Securities America, Inc.:

We have audited the accompanying statement of financial condition of LG Securities America, Inc. (a wholly owned subsidiary of LG Investment & Securities Co., Ltd.) as of March 31, 2004. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit of a statement of financial condition includes examining, on a test basis, evidence supporting the amounts and disclosures in that statement of financial condition. An audit of a statement of financial condition also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of LG Securities America, Inc. as of March 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

April 30, 2004



LG SECURITIES AMERICA, INC.
(A Wholly Owned Subsidiary of
LG Investment & Securities Co., Ltd.)

Statement of Financial Condition

March 31, 2004

Assets

Cash	\$ 4,380,190
Commission receivable from Parent (note 2)	108,575
Securities owned, at market value – corporate stocks	2,580
Investments	23,970
Furniture, equipment, and leasehold improvements, at cost, less accumulated depreciation and amortization of \$188,745	281,581
Other assets (note 3)	428,411
Total assets	<u>\$ 5,225,307</u>

Liabilities and Stockholder's Equity

Liabilities:	
Accrued expenses and other liabilities	<u>323,351</u>
Total liabilities	<u>323,351</u>
Commitments (note 7)	
Stockholder's equity:	
Common stock, \$0.01 par value. Authorized 3,000 shares; issued and outstanding 300 shares	3
Additional paid-in capital (note 4)	9,999,997
Accumulated deficit	<u>(5,098,044)</u>
Total stockholder's equity	<u>4,901,956</u>
Total liabilities and stockholder's equity	<u>\$ 5,225,307</u>

See accompanying notes to statement of financial condition.

LG SECURITIES AMERICA, INC.

(A Wholly Owned Subsidiary of
LG Investment & Securities Co., Ltd.)

Notes to Statement of Financial Condition

March 31, 2004

(1) Organization and Summary of Significant Accounting Policies

LG Securities America, Inc. (the Company), a wholly owned subsidiary of LG Investment & Securities Co., Ltd. (the Parent), a Korean corporation, is a registered broker and dealer in securities under the Securities Exchange Act of 1934. The Company was incorporated in the State of Delaware on June 18, 1992 and is a member of the National Association of Securities Dealers, Inc. (NASD).

The Company primarily serves U.S. institutional customers as a broker and dealer of Korean securities and underwriter of Korean debt and equity securities.

(a) *Securities Owned*

Securities transactions are recorded on a trade-date basis. Securities owned are carried at market value.

(b) *Investments*

Investments represent not readily marketable securities. Securities not readily marketable securities include investment securities for which there is no market on a securities exchange or no independent publicly quoted market price. Securities not readily marketable are valued at fair value as determined by management.

(c) *Depreciation and Amortization*

Furniture, equipment, and leasehold improvements are stated at cost. Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their useful lives or terms or their related leases.

(d) *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(e) *Use of Estimates in the Preparation of a Statement of Financial Condition*

The preparation of a statement of financial condition in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

LG SECURITIES AMERICA, INC.

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Notes to Statement of Financial Condition

March 31, 2004

(2) Related Party Transactions

The Company executes purchases and sales of Korean securities for customers and proprietary positions through the Parent. Commissions on Korean equity securities transactions for customers are collected by the Parent directly from the customers and remitted periodically to the Company. Related commission receivable from the Parent was approximately \$109,000 at March 31, 2004.

(3) Pledged Assets

As of March 31, 2004, the Company was contingently liable for an outstanding standby letter of credit, which amounted to \$51,959. The standby letter of credit was issued to the landlord of the Company for its office space lease. The Company collateralized the letter of credit with cash deposits in the same amount at March 31, 2004. Such cash deposits are included in other assets in the accompanying statement of financial condition.

(4) Withdrawal of Equity Capital

In November 2003, the Parent decided to withdraw capital of \$5,000,000 from the Company, which was remitted to the Parent in December 2003.

(5) Income Taxes

The tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities at March 31, 2004 are presented below:

Deferred tax assets:	
Net operating loss carryforwards	\$ 9,088
Net unrealized loss on investment securities	173,605
Allowance for receivable from customer	455,683
Deferred rent	7,265
	<hr/>
Total gross deferred tax assets	645,641
Less valuation allowance	608,846
	<hr/>
Net deferred tax assets	36,795
	<hr/>
Deferred tax liabilities:	
Furniture, equipment, and leasehold improvements principally due to difference in depreciation and amortization and gain on insurance recoveries for property losses	(36,795)
	<hr/>
Total gross deferred tax liabilities	(36,795)
	<hr/>
Net deferred tax assets	\$ —
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LG SECURITIES AMERICA, INC.

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Notes to Statement of Financial Condition

March 31, 2004

The net change in the total valuation allowance for the year ended March 31, 2004 was an increase of \$608,846. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences. Accordingly, deferred tax assets have been reduced by a valuation allowance.

(6) Net Capital Requirements

The Company, as a registered broker and dealer in securities, is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission. Such rule prohibits the Company from engaging in any securities transactions whenever its "aggregate indebtedness" (as defined) exceeds 15 times its "net capital" (as defined). Under such rule, and the related rules of the NASD, the Company may be required to reduce its business if its net capital ratio exceeds 12 to 1, and it may be prohibited from expanding its business if its net capital ratio exceeds 10 to 1.

At March 31, 2004, the Company had a net capital requirement of \$100,000, whereas it had net capital of \$4,056,839. The Company's percentage of aggregate indebtedness to net capital for the year ended March 31, 2004 was 7.97%.

(7) Commitments

As of March 31, 2004, the Company was obligated under a noncancelable operating lease expiring on December 31, 2006 relating to its office space. The lease contains a rent escalation clause for increases in base property taxes and wage rate, and provisions for payments for maintenance and certain other operating costs.

The future minimum lease payments under the noncancelable operating lease as of March 31, 2004 are as follows:

	<u>Amount</u>
Year ending March 31:	
2005	\$ 205,000
2006	209,000
2007	<u>157,000</u>
	<u>\$ 571,000</u>

LG SECURITIES AMERICA, INC.

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Notes to Statement of Financial Condition

March 31, 2004

(8) Financial Instruments with Off-Balance-Sheet Risk

In the normal course of its proprietary trading activities, the Company enters into transactions in financial instruments with off-balance-sheet risk. These financial instruments contain off-balance-sheet risk inasmuch as ultimate settlement of these transactions may have market and/or credit risk in excess of amounts which are recognized in the statement of financial condition.

Broker-Dealer Disclosure

The Company clears securities transactions on behalf of customers through its clearing brokers. In connection with these activities, customers' unsettled trades may expose the Company to off-balance-sheet credit risk in the event customers are unable to fulfill their contracted obligations. The Company seeks to control the risk associated with its customer activities by monitoring the creditworthiness of its customers.